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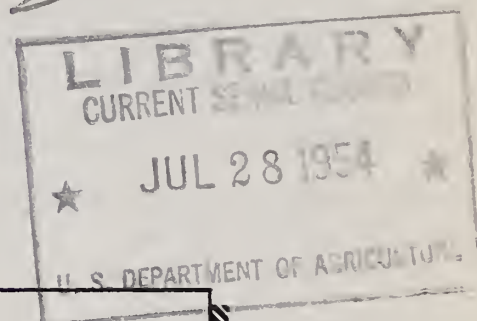
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FOR RELEASE
JULY 23, P. M.
1954

The **DEMAND and PRICE SITUATION**

WASHINGTON, D. C., JULY 1954



Approved by the Outlook and Situation Board, July 19, 1954

SUMMARY

Production prospects point to continued large supplies of most crops and livestock products in 1954. Demand for farm products remains high with consumer incomes near record rates and exports holding at year-earlier levels. Prices received by farmers in the first 6 months of this year averaged about $2\frac{1}{2}$ percent below a year earlier. Price support programs have helped to maintain prices of farm products and will continue an important price-sustaining factor in coming months.

Carryover stocks are large for wheat, corn, cotton, dairy products and oils. Most of these stocks are in CCC inventories or are under loan. Available supplies of cotton and corn will be limited until new crops are harvested. However, 1954 crops of wheat and some other small grains are now being harvested in volume.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1953		1954			
		Year	June	Mar.	Apr.	May	June
Industrial production: <u>1/</u>							
Total.....	1947-49=100	134	136	123	123	124	124
All manufactures.....	do.	136	138	124	125	126	126
Durable goods.....	do.	153	154	135	134	135	135
Nondurable goods.....	do.	118	121	114	115	116	116
Minerals.....	do.	116	119	112	109	111	111
Total outlay for new construc- tion <u>2/</u>	Million dollars	35,256	2,961	3,001	3,025	3,068	3,035
Residential.....	do.	11,930	1,031	981	1,032	1,071	1,053
Total civilian employment <u>3/</u>	Million	61.9	63.2	60.1	60.6	61.1	62.1
Nonagricultural.....	do.	55.4	55.2	54.2	54.5	54.3	54.5
Unemployment.....	do.	1.5	1.6	3.7	3.5	3.3	3.3
Income:							
Nonagricultural payments <u>2/ 4/ #</u>	Bil. dol.	270.0	271.5	268.8	269.1	269.0	
Production-worker payrolls <u>5/</u> ...	1947-49=100	151.6	153.9	138.4	135.0	134.9	
Weekly earnings of production- workers in manufacturing <u>5/</u> ...	Dollars	71.69	72.04	70.71	70.20	70.74	71.68
Durable.....	do.	77.23	77.42	76.00	75.43	76.21	76.59
Nondurable.....	do.	63.60	63.52	64.02	62.70	63.91	64.96
Prices:							
Wholesale prices, all com- modities <u>5/</u>	1947-49=100	110	110	110	111	111	110
Commodities other than farm and food.....	do.	114	114	114	114	114	114
Farm.....	do.	97	95	98	99	98	95
Food, processed.....	do.	105	103	105	106	107	105
Prices received by farmers <u>6/</u> ...	1910-14=100	258	257	256	257	258	248
Crops.....	do.	242	246	239	240	249	244
Livestock and products.....	do.	273	267	271	271	267	251
Prices paid, interest, taxes and wage rates <u>6/</u>	1910-14=100	279	277	283	283	284	282
Items used in living.....	do.	270	271	272	273	276	275
Items used in production.....	do.	253	247	255	256	256	252
Parity ratio.....		92	93	90	91	91	88
Consumer price index <u>5/</u>	1947-49=100	114	114	115	115	115	
Food.....	do.	113	114	112	112	113	
Government purchases of goods and services <u>2/ 7/</u>	Billion dollars	85.2	86.6	81.9			
Federal (Less Government sales)...	do.	60.1	62.2	55.0			
State and local.....	do.	25.1	24.4	26.9			

Annual data for the years 1929, 1932 and 1935-53 appear on page 31 of the April 1954 issue of the Demand and Price Situation.

1/ Federal Reserve Board.

2/ U. S. Department of Commerce.

3/ Bureau of the Census.

4/ Monthly totals seasonally adjusted at annual rates.

5/ U. S. Department of Labor, Bureau of Labor Statistics.

6/ U. S. Department of Agriculture, Agricultural Marketing Service.

7/ Quarterly totals seasonally adjusted at annual rates.

Revised series.

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Production of livestock and livestock products may total around 4 percent larger than in 1953. Meat supplies continue large. Output in the last half of this year is expected to total somewhat above the same period in 1953, with substantially more pork and slightly less beef. Milk production in the last half of this year may not differ much from a year earlier but the total for the year will be a record. Production of eggs, though declining seasonally in coming months, will continue above a year earlier. Broiler supplies also are expected to continue at near-record levels and turkey production may reach a new high.

Crop output, according to July 1 indications, may total virtually as large as in 1953, unless growing conditions become more unfavorable. Acreages of wheat and cotton were reduced sharply under government production control programs, but more land was planted to many other crops. Total acreage for harvest this year may be a little larger than in 1953. With a large corn crop and a record output of oats in prospect, production of feed grains on July 1 was indicated at about 12 percent above 1953. Output will likely be large for oilseeds, commercial vegetables, and most other crops except potatoes.

Prices received by farmers declined an average of 4 percent from mid-May to mid-June as prices adjusted downward in response to larger new crop supplies, particularly of hogs, wheat and commercial vegetables. However, by early July central market prices for wheat, corn, hogs and fed cattle had strengthened somewhat. Since prices paid by farmers in June for commodities, interest, taxes and wages declined only slightly, the parity ratio dropped to 88 in mid-June, the lowest since 1941.

Cash receipts from farm marketings in the first half of this year were down 3 percent from a year earlier. Total marketings were practically the same as last year, but prices averaged lower.

Economic activity continued to show further moderate improvement in June. Industrial production rose a little from April to June reflecting output gains for food, primary metals, major appliances, and television sets. Construction activity also increased some from the record first quarter rates, but spending on producers' durable equipment continued slightly downward. Total employment after adjustment for seasonal changes has held fairly stable in recent months. The index of industrial prices has been steady for the past year.

Consumer spending which rose to a new high in the second quarter also has provided strong underpinning for economic activity in recent months. The willingness of consumers to buy reflects primarily near record consumer incomes. Consumer incomes after taxes in April-June were down only slightly from the record first quarter rate. Final product demand by consumers and business has been well maintained, but business inventories continued to be reduced in the second quarter and government outlays for national security programs declined further.

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Commodity Highlights

The seasonal increase in hog slaughter and the corresponding decline in hog prices began earlier than usual this year, reflecting the 13 percent larger spring pig crop. Cattle slaughter in prospect the rest of this year points to prices for cattle and calves averaging close to those of the last half of 1953. Prices for fed cattle may be fairly stable, while cattle and calves sold off grass will decline seasonally. The reduction in milk-output from May to June this year was the sharpest on record, but production in June was second highest on record for the month. Because of heavy production the seasonal rise in average egg prices did not begin this year until nearly the middle of July--fully a month later than last year. Turkey production this year may be a record. Supplies of food fats in the marketing year beginning October 1, 1954 probably will be at a peak; record output of soybean oil and a substantial increase in lard will more than offset reduced output of cottonseed oil. Supplies of feed grains and other concentrates will be a record in 1954-55, both in total and per animal unit. Production of feed grains in 1954 was indicated on July 1 at about 12 percent larger than in 1953 and only a little below the record production of 1948. Corn prices are expected to hold near current levels this summer, and probably will be high relative to other feed grains until the 1954 crop is harvested. Prices of other feed grains dropped seasonally in the last half of June with the beginning of the harvest of the big 1954 crops. A wheat crop of 988 million bushels was in prospect as of July 1, larger than prospective domestic use and probable exports. Total production of deciduous fruits in 1954 will be slightly larger than in 1953, if crops turn out as large as indicated on July 1. Output of commercial vegetables for fresh market is expected to

total 5 percent larger this summer than last, and prices are expected to be somewhat lower. Supplies of most commercially processed vegetables for distribution in 1954-55 are not expected to differ substantially from those of the preceding marketing year. Potato production this year is currently estimated at 346 million bushels, down 8 percent from last year. Grower prices in the remainder of 1954 are expected to average higher than the relatively low levels of a year earlier. The prospective crop of dry edible beans will be a little larger this year than last, that of dry field peas substantially larger. Land in cultivation to cotton on July 1 amounted to nearly 20 million acres, 93 percent of the 21.4 million acreage allotment for 1954 and 5.3 million acres smaller than the acres in cultivation on July 1, 1953. Prices of wool in foreign markets have advanced gradually since mid-March; this has been reflected in strengthened prices in domestic markets. Prices for 1954 crop flue-cured tobacco by grades for the first 3 days sales at the Georgia and Florida auction markets were generally higher. The overall market average was percent higher than in the comparable period of 1953.

GENERAL BUSINESS CONDITIONS

The value of goods and services produced by the economy (the gross national product) in the second quarter, according to preliminary estimates by the Council of Economic Advisers, was down less than 1 percent from January-March and 4 percent from the record of the second quarter last year. Consumer spending rose to a new record, though incomes after taxes were slightly lower. Private investment spending was about the same as in the first quarter, with an increase in construction offsetting lower purchases of capital equipment. Inventory liquidation increased a little from the high rates of earlier this year. Total government spending was down again as expenditures for defense declined further.

Industrial production in May and June was slightly higher than the reduced levels of March and April. Employment rose less than usual in April-June; and unemployment averaged lower in these months than in the first quarter. The index of industrial prices has been steady for the past year.

Consumer Income and Spending

Total personal incomes in the second quarter were down less than 1 percent from the first. The decline in employment in manufacturing and mining continued through June, but the effect on income was partly offset by a step-up in unemployment benefits. Incomes after taxes in April-June also were down slightly from the record level of the first 3 months of the year, but remained higher than the same quarter of 1953.

Personal consumption expenditures rose a little in April-June, with small gains in both durable and nondurable goods and a further rise in outlays for services. Consumer spending totaled a little higher than in April-June 1953, with larger outlays for services offsetting smaller expenditure on goods.

Retail sales rose in June from the May level and for the quarter averaged more than 2 percent above the first quarter and only slightly under April-June 1953. Most of the decline from a year ago resulted from lower sales by automotive dealers. However, sales of automobiles in the second quarter averaged about 8 percent above January-March, with both new and used cars sharing in the increase. Inventories of used cars were reduced to levels somewhat below those of a year ago, but stocks of new cars remain substantially higher. As sales increased in the second quarter, retail stock-sales ratios improved somewhat. Biggest reduction was for automotive dealers, whose inventories at the end of May represented 1.5 month's sales compared with 1.7 at the end of January. During the same period, the ratio for all durable goods stores dropped to 2.2 from 2.4. The stock-sales ratio for nondurable stores showed a slight increase. Sales by department stores increased more than 4 percent in June from the reduced May rate and exceeded the April level, but remained below a year earlier.

Total consumer credit outstanding rose a little in April and May, in contrast with a sharp reduction in the first 3 months of the year. Most of the gain was in charge accounts and other forms of noninstallment credit. Installment credit extended in the first 5 months of the year, after adjustment for seasonal variation, was exceeded by repayments of such credit. In this same period last year new credit granted ran ahead of repayments by a wide margin. This was an important factor in the record level of retail sales in the first half of 1953.

Investment Demand Steady

Total private domestic investment in the second quarter was about the same as in the first. However, it was down more than a fifth from the record level of April-June 1953, largely because of the shift from rapid inventory accumulation to inventory liquidation in the first half of this year. Combined outlays for producers' durable equipment and new construction were 2 percent lower than a year earlier. Outlays for producers' durable equipment were down 8 percent over the year, while construction was up 5 percent.

The value of new construction outlays in the second quarter was about 1 percent higher than the record level of January-March, after seasonal adjustment. Most of the gain was in residential construction, schools, churches, and social and recreational facilities. Industrial construction rose slightly during the quarter, but was about a tenth less than in those months last year. Commercial construction declined in the second quarter, but remained about 28 percent above a year earlier. Public outlays for new construction were down about 4 percent from January-March as work on highways and many other state and local construction projects rose less than usual. Expenditures for new construction by the Federal Government also were down.

Funds have been available for lending during the past year at relatively low rates. A move was recently made by the Board of Governors of the Federal Reserve System to reduce reserve requirements, making possible a further expansion of loans in the last half of the year. The Department of Commerce composite index of building costs has been fairly steady over the past year. Building material costs in April-June were

down somewhat from those of the first quarter and from April-June last year. But the index of wage rates in April was a little higher than January, and 5 percent above that of April 1953.

The value of residential contract awards rose about 1 percent in May to a new peak, about one-sixth above last year's high. Contract awards for heavy construction, on the other hand, continued the decline which began last November, and in May were down one-third from last October. New construction expenditures for 1954 as a whole are expected to reach a new record high of 36 billion dollars, 2 percent above the 1953 high, according to revised outlook estimates prepared jointly by the Department of Commerce and the Department of Labor.

Plant and equipment expenditures by private business enterprises in the second quarter declined 2 percent from the first, and were about 5 percent below last year. A small further decline was indicated for the third quarter, according to the May survey of the Securities and Exchange Commission and the Department of Commerce. Outlays by manufacturing industries and railroads were scheduled to be lower, but small gains were indicated for public utilities, mining, transportation other than rail, and the large "commercial and other groups"--including trade, service, finance, communication and construction industries.

Government Spending Lower

Total government purchases of goods and services declined again in the second quarter, after holding stable during the last half of last year. National security outlays were down 3 percent from the first quarter and 15 percent from the postwar record of a year earlier. Other Federal government expenditures also dipped. Outlays by State and local governments continued at the rate of the previous 3 months, but were more than one-tenth above those of April-June 1953.

Production and Employment

Total manufacturers' sales rose about 2 percent from February to May. Producers of nondurable goods accounted for most of the increase. Among the nondurables largest gains were in the food, apparel, leather and products, paper, and chemical industries. Many of the durable goods manufacturers, who had previously suffered the largest declines, reported increases. However, primary metals, electrical machinery, transportation equipment and some other durables producers reported a continued decline.

By June 1954, the Federal Reserve Board index of industrial production had recovered 1 percent from April, mostly in nondurable manufacturing where largest gains were in apparel and food. Textile mill activity also reported a small gain, and mining of coal and metals was higher. Output of autos was up 7 percent and major household durables 18 percent from their low points. Production of radios and television sets spurted nearly 40 percent and appliances and heaters one-fourth. Primary metals were 5 percent higher, electrical machinery 3 percent, and small gains also were reported for some other durable manufactures.

Reductions in production in the late summer last year were not enough to stem the rise in inventories in manufacturers' hands. Stocks reached a peak of over 47 billion dollars in September 1953. Liquidation of stocks began in the closing months of last year, but manufacturers' shipments fell even more rapidly, and stock-sales ratios rose to record or near-record levels in the first quarter of this year. Sales increased a little in April and May and, with reduction in inventories continuing strong, stock-sales ratios have improved. Most of the decline in manufacturers' stocks has been in durable goods, primarily in purchased raw materials. Stocks of finished goods are still somewhat higher than in September 1953 when total inventories were at a peak. Although inventories held by manufacturers of durables were considerably lower than the peak reached last fall, stock-sales ratios in May 1954 were still higher than a year earlier for most major industries. The ratio was about the same as last year for all nondurable manufacturers.

From January 1954 to the end of March manufacturers' new orders rose about one-tenth. Further small increases occurred in April and May to bring the total to its highest since July 1953. However, order backlogs have been declining for more than a year, and at the end of May unfilled orders totaled about a third less than a year earlier.

Employment Rose In June

Employment in early June totaled 62.1 million, about 1 million above the month before but 1 million less than June 1953. Most of the rise over the month resulted from an increase in agricultural employment. However, both agricultural and nonagricultural employment rose less than usual. This is the third month in a row that the increase in employment was somewhat less than seasonal, primarily because of declines in factory employment. Manufacturing employment, after seasonal adjustment, continued the decline that began in July 1953. Other nonagricultural employment showed a small increase, with the largest gain in construction. Unemployment rose 42,000 from May to early June, much less than the usual increase. But the labor force also increased less than usual. About 1.5 million students entered the labor force in June, 300,000 fewer than the postwar average. Unemployment in June was 5.1 percent of the civilian labor force, the highest percentage for June in the postwar period except for the 5.2 percent of 1950 and the 6.0 percent in June 1949.

Commodity Prices

The all commodity index of wholesale prices in mid-July was about the same as a month earlier. Increases of 1 percent in prices for both farm products and processed foods offset a small decline in the index of industrial product prices. The consumer price index for urban families rose a little in the month ending May 15. Food prices and housing costs showed small gains. Most other major categories made little change. The index of prices paid by farmers for family living items declined slightly during the month ending June 15, but was a record for June. Price downturns were recorded for all categories of family living items except auto supplies.

Table 1.- Indexes of wholesale prices, selected groups,
July 13, with comparisons

(1947-49 = 100)					
Group	:	:	:	:	July 13, 1954
	: July 13,	: June 15,	: July 14,	: percentage	change from
	: 1954	: 1954	: 1953	: June 15,	: July 14,
	:	:	:	: 1954	: 1953
<u>Wholesale prices</u>					
All commodities.....	: 110.2	110.0	110.5	0.2	- 0.3
Farm.....	: 95.9	94.7	97.4	1.3	- 1.5
Food, processed.....	: 105.6	104.8	104.6	.8	1.0
All other than farm	:				
and food.....	: 114.2	114.4	114.5	- .2	- .3

AGRICULTURE: SUPPLIES AND PRICES

Demand for food and other farm products continues near the high level maintained so far this year. However, supplies of farm products are large and current production prospects point to another record output this year if growing conditions are not unfavorable. Prices of hogs, commercial vegetables, and some grains are adjusting downward in response to seasonally larger supplies. A heavy movement of farm products under government price support programs has helped to maintain prices of agricultural products. Price support programs will continue an important price-sustaining factor in coming months.

Demand Continues High

Incomes after taxes were record high in the first quarter and declined very slightly in the second. Sales by retail food stores in the first 6 months this year held at the near-record levels of the same period last year, but apparel store sales averaged 5 percent lower. The farmers' share of the retail food dollar continues near the 45 cents estimated for 1953.

Agricultural Exports

The value of U. S. exports of agricultural products in the first 10 months of the year beginning July 1, 1953, totaled 2.4 billion dollars about the same as in the same period of the preceding year. Larger exports of cotton, tobacco and other agricultural nonfood products were approximately offset by reduced exports of grains, particularly wheat. Agricultural exports during the 1953-54 marketing year have been aided by increased foreign supplies of dollars and gold, by smaller supplies of cotton available for export in foreign free-world countries and by a number of foreign disposal programs undertaken to supplement normal commercial exports and move surplus agricultural commodities into foreign use. On the other hand, foreign supplies of wheat available for export were larger than a year earlier.

Table 2.- Value of United States exports of agricultural products, specified periods, 1952 and 1953.

Period	Cotton : in- cluding linters :	Tobacco : unmanu- factured :	Other : agricul- tural : non- foods :	Grain : and prepa- rations :	Other : foods :	Total : agri- cultural exports :
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Years beginning July 1:						
1952-53 total	576	265	1/ 253	1,172	531	2,817
July-Sept. 1952	82	69	45	258	124	578
Oct.-Dec. 1952	219	78	85	340	139	861
Jan.-Mar. 1953	147	60	65	336	128	736
April 1953	38	33	20	90	43	224
First 10 months, 1952-53	486	240	215	1,024	434	2,399
1953-54						
July-Sept. 1953	93	82	53	252	159	639
Oct.-Dec. 1953	153	119	134	234	185	825
Jan.-Mar. 1954	206	46	94	181	157	684
April 1954	79	17	35	65	62	258
First 10 months, 1953-54	531	264	497	551	563	2,406

1/ The seven principal export items or groups which accounted for 83 percent of the total 1952-53 value of \$253 million were: (in millions of dollars) (1) Soybeans 92, (2) Inedible tallow 50, (3) Hides and skins except furs 28, (4) vegetable oils and fats, crude and/or inedible 23, (5) Hops 10, (6) Field and garden seeds 5, (7) Flaxseed 1.

Foreign Holdings of Gold and Dollars Larger

Foreign holdings of gold and dollars increased from 21.4 billion dollars on June 30, 1953 to 23.3 billion on March 31, 1954, or at an annual rate of almost 12 percent. The easing of the tight situation has benefited U.S. export trade, though foreign supplies of gold and dollars still are relatively short. In some countries, restrictions on the quantity of imports from the dollar area have been reduced. The increased supply has also aided plans to make foreign currencies more easily convertible into dollars, and has promoted the liberalization of controls that restrict the use of dollar exchange.

New Surplus Disposable
Bill Recently Passed

A major provision of the Agricultural Trade Development and Assistant Act of 1954 authorizes the President to negotiate agreements with friendly countries for the sale of surplus farm commodities for foreign currencies in such a way as to expand market demand abroad for U. S. agricultural commodities and to implement U. S. foreign policy. An appropriation of up to 700 million dollars is authorized to reimburse CCC for the sale and exportation of such commodities under the terms of the bill. Another major provision of the Act authorizes the President to make transfers of surplus farm products on a grant basis to assist friendly countries in meeting famine or other relief requirements. Total expenditures for this purpose, including CCC's investment in the commodities may be made up to 300 million dollars.

Large Supplies Characterize
The Farm Picture

Production prospects point to a farm output this year at least as large as the record output in 1953 if growing conditions do not change materially. In addition, carryover stocks for wheat, corn, cotton, dairy products and a number of oils are large.

Output of livestock and livestock products may be up around 4 percent from 1953. Output of red meat for the last half of this year will be somewhat greater than during the last half of 1953; a substantial increase in pork will more than offset a small decrease in beef. In the first half of 1954 red meat production was up about 1 percent from the same period of 1953. Beef production was nearly 8 percent higher, but output of pork was down about 9 percent. Milk production in the first 6 months of the year totaled 4 percent higher than for the same period last year. For the year as a whole, it is expected to total 125 billion pounds, 3 percent above last year's record. Egg production in the first 6 months of 1954 exceeded last year's output for the same period by 3 percent, and for the year as a whole is expected to be a record. Turkey production may reach a new high, and placements in specialized producing areas indicate that supplies of broilers for the next 10 to 13 weeks will continue at near-record levels.

Crop output in 1954 is expected to total around 102 percent of the 1947-49 average, virtually as large as in 1952 and 1953. Acreages of wheat and cotton were reduced sharply under the Government production control programs. But acreages of most other crops were increased over 1953, and total acreage for harvest this year is larger than in 1953 and virtually the same as in 1952. Feed grains make up a major proportion of the all crop volume. They include prospects for the second-largest corn crop of 3.3 billion bushels, a record outturn of oats and a much larger than average barley crop. The hay crop is expected to be the third largest on record. Wheat production will be down 15 percent, but the expected rye harvest is above average and another record outturn of rice is in prospect.

Despite the reduction in cotton acreage to a fifth less than in 1953, production of oilseed crops is likely to be large. The tobacco crop is about equal to average. Commercial vegetables and melon crops for fresh market this summer will be in 5 percent larger supply than last summer and 9 percent above average. Production of deciduous fruits may be about 1 percent larger than in 1953, but each kind of all deciduous fruits will be below average. Production of dry beans tops both last year and the average. A near-record tonnage of sugar beets is expected on a sharply increased acreage.

The Secretary recently announced that in 1955 wheat growers and others would have to comply with all acreage allotments established for a farm, and that those producers with more than 10 diverted acres would also have to comply with a "total acreage allotment," in order to be eligible for price support on any crop produced on the farm.

Farm Product Prices

Decline

The index of prices received by farmers declined 4 percent during the month ending June 15 to 248 percent of the 1910-14 average. The decline reflected primarily a price adjustment to larger new crop supplies. Hog prices dropped sharply from May to June as marketing increased from the larger spring pig crop. Wheat prices also adjusted downward to new crop conditions and the record supply. Commercial vegetable prices on the average, fell off as increased supplies of many vegetables came to market. The parity index (prices paid, interest, taxes and wage rates) was about 1 percent below mid-May, with lower prices for feed and feeder livestock responsible for much of the decline. With farm product prices down more than the parity index, the parity ratio declined to 88, the lowest since March 1941.

By early July central market prices of major farm products averaged higher than in mid-June. Higher prices were reported at Chicago for slaughter steers and hogs, but slaughter cow prices were down substantially. Prices for eggs had started to increase seasonally. Wheat, No. 2 Hard Winter at Kansas City, in early July averaged nearly 7 percent above mid-June. Sizeable price declines were reported over the period for oats and flaxseed at Minneapolis.

FARM INCOME

Farmers received about 12.5 billion dollars in the first half of 1954, 3 percent less than in the corresponding period last year. Total marketings were practically the same as last year, but prices averaged lower. Receipts from livestock and products were about 8.3 billion dollars, 1 percent lower than a year ago, with an increase for hogs offset by smaller receipts for most other livestock items. Crop receipts of 4.2 billion dollars in the first 6 months dropped about 5 percent, reflecting substantial declines in receipts from cotton, soybeans, tobacco, and truck crops.

Total cash receipts in June were approximately 2.1 billion dollars, up seasonally from May but slightly below June of 1953. Receipts from livestock and products were about 1.3 billion dollars, 7 percent less than a year earlier. Crop receipts of 0.8 billion dollars were up about 7 percent from a year ago because of larger marketings.

Table 4.- Indexes of prices received and paid by farmers
June 15, 1954 with comparisons

Group	(1910-14 = 100)			June 15, 1954	
	June 15, 1954	May 15, 1954	June 15, 1953	percentage change from	
				May 15, 1954	June 15, 1953
All farm products.....	248	258	257	- 4	- 4
All crops.....	244	249	246	- 2	- 1
Food grains.....	216	227	222	- 5	- 3
Feed grains and hay.....	205	207	204	- 1	1/
Cotton.....	274	272	267	1	3
Tobacco.....	445	446	425	2/	5
Oil-bearing crops.....	283	286	280	- 1	1
Fruit.....	240	215	219	12	10
Potatoes, sweetpotatoes and dry edible beans..	227	210	182	8	25
Commercial vegetables for fresh market.....	200	279	298	- 28	- 33
Livestock and products....	251	267	267	- 6	- 6
Meat animals.....	299	331	300	- 10	2/
Dairy products.....	229	230	255	2/	10
Poultry and eggs.....	168	168	213	0	21
Wool.....	310	305	312	2	- 1
Prices paid, interest, taxes and wage rates.....	282	284	277	- 1	2
Items used in living.....	275	276	271	2/	1
Items used in production..	252	256	247	- 2	2
Parity ratio.....	88	91	93	- 3	- 5

1/ Less than 0.5 percent increase.

2/ Less than 0.5 percent decrease.

LIVESTOCK AND MEAT

The seasonal increase in hog slaughter and the decline in hog prices began earlier than usual this year, in line with the increase in number of early-farrowed pigs. Farrowings in December-March were 21 percent greater this year than last, while farrowings in April-May were up less than 1 percent. The total spring pig crop was 13 percent larger than last year, and hog slaughter for the entire fall and early winter season ahead will show approximately the same gain.

Hog prices were somewhat variable in June and July, but the trend has been downward from spring highs. The total seasonal decline this year will likely be greater than average with prices moderately below a year earlier. Nevertheless, pork supplies this fall will not be excessive compared with recent years and prices received by producers likely will remain relatively favorable, with the hog-corn price ratio still above its longtime average. Another increase in hog production may be expected in 1955.

The cattle slaughter in prospect during the rest of this year points to prices for cattle and calves averaging close to those for the last half of 1953. Slightly more fed cattle will be marketed, since 5 percent more cattle were reported on feed this July 1 than last. Prices for fed cattle may be fairly stable in months ahead. Prices for cattle and calves sold off grass will decline seasonally, and their level will be influenced by range conditions. The drought that has developed in some areas could add to marketings and reduce prices further.

For the year as a whole meat production will be up enough to provide each consumer with about the same amount of red meat this year as the 154 pounds consumed in 1953. The increase in production will be in beef and veal. About the same output of pork is in prospect and slightly less lamb and mutton.

DAIRY PRODUCTS

The reduction in milk output from May to June this year was the sharpest on record. Nevertheless, output in June was at an annual rate of 120 billion pounds, the highest on record for the month except for June 1945. Helping to account for the downturn during June, were hot, dry weather and limited pasture feed in many areas, and perhaps the first effects of lower prices following the reduction in support levels. Milk production in the first half of 1954 totaled 66.1 billion pounds, or 4 percent more than a year earlier. Production for the year as a whole will approximate 125 billion pounds, compared with previous record of 121.2 billion pounds reached in 1953. Relationships between dairy prices and prices for feed concentrates continue well below average but, with the record feed supply on many farms, total milk flow will continue relatively high.

In the first quarter of 1954 most of the increased output of milk was channeled to factory products. In the second quarter, however, the

increase in farm milk production over a year earlier was divided about equally between factory products and other uses, mainly fluid milk outlets. Butter and cheese accounted for most of the increase in factory output.

Retail prices for dairy products have declined some following the drop in support levels as of April 1. Latest data show the retail price for butter has declined the full equivalent of the reduction in support levels for milk and butterfat. Prices for some of the other manufactured products, however, were slower to decline following the drop in support levels. The retail price for fluid milk in early July in major cities was 22.3 cents per single quart delivered to homes, compared with 22.8 cents a year earlier.

The reduction in the retail price of butter, together with continued strong consumer demand, led to an increase of 7 to 8 percent in family purchases over last winter. Purchases of cheese by family households has shown a somewhat smaller increase, possibly reflecting in part the relatively smaller drop in the retail price of cheese. Consumption of ice cream in May was 10 percent less than a year earlier, presumably reflecting much below normal temperatures for that time of year.

Total purchases of dairy products by the Department of Agriculture during the current marketing year have been smaller to date than they were in the corresponding portion of the previous marketing year despite increased production. In the April-June quarter of 1954, the Department bought 125 million pounds of butter compared with 138 million pounds a year earlier; 63 million pounds of cheese compared with 100 million pounds a year earlier; and 225 million pounds of nonfat dry milk compared with 200 million pounds a year earlier. At the end of June, the Department had for distribution 440 million pounds of butter, 412 million pounds of Cheddar cheese, and 302 million pounds of nonfat dry milk. Nearly 450 million pounds of nonfat dry milk have been sold for domestic use and for commercially mixed feeds. Another 340 million pounds have been distributed under various programs, including negotiated export sales and donations under Section 416.

On July 7, the U. S. Department of Agriculture announced increases of 1 cent per pound in its purchase prices of Cheddar cheese and nonfat dry milk solids under the price-support program. This action became necessary because the average price received by producers for manufacturing milk recently has been below the legal minimum of 75 percent of the parity equivalent price.

POULTRY AND EGGS

Because of heavy egg production the seasonal rise in average egg prices did not begin this year until nearly the middle of July--fully a month later than last year. Although monthly egg output for the rest of the year will be seasonally lower than present levels, it will exceed a year earlier by larger percentages than has occurred so far in 1954. The hatch of replacement chicks for January-March was 18 percent larger than a year earlier and pullets from these chicks are already beginning to lay. However, the replacement hatch tapered off sharply as the spring progressed, and in May was below last year.

Egg prices during the remainder of the year will remain considerably below last year because of larger production. Through June, production on farms was 3 percent larger than in 1953, but for the balance of the year production will show substantially larger increases over a year earlier. Prices received by farmers in the last 4 months averaged 35 cents per dozen, compared with 45 cents in the same period of 1953. The March-June 1954 prices averaged 85 percent of parity.

The hatch of turkey poults also has been large. To July 1, hatcheries produced 8 percent more heavy-breed poults than in the comparable 1953 period, and 17 percent more light-breed poults. If death losses among these poults are no higher than last year's record lows, and if hatchery activity the remainder of the season is in line with last year's output, a record turkey crop will result.

Broiler prices to farmers rose slightly in June, to a U.S. mid-month average of 24.2 cents compared with 23.5 cents the month before and 26.2 cents a year ago. Placements in specialized producing areas indicate that supplies for the next 10 to 13 weeks will continue at near-record levels.

FATS, OILS, AND OILSEEDS

Total disappearance of all food fats in the present crop year, which ends on September 30, is likely to be up 10 percent from the year before. Most of the increase will be in exports of cottonseed oil and soybeans, though domestic use also will be greater. Total exports may not differ much from the record of nearly 1.6 billion pounds shipped in 1950-51. Total disappearance as estimated would be equal to production, so ending stocks would not increase as in recent years.

Supplies of food fats in the marketing year beginning October 1, 1954 probably will be at a peak, reflecting record output. Peak production of soybean oil and a substantial increase in lard will more than offset reduced output of cottonseed oil.

The 1954 pig crop, which will provide most of the hogs slaughtered in 1954-55, is estimated at 12 percent more than a year earlier.

Cotton acreage in cultivation on July 1 was down 21 percent from a year ago, mainly because of allotments. However, the acreage of soybeans to be harvested for beans is the highest of record. Increased acreage of soybeans reflects favorable prices at the time of planting and the use of some land withdrawn from corn, wheat, and cotton because of acreage allotments on those crops.

Acreage planted only to peanuts (to peanuts of all kinds and for all purposes) in 1954 is estimated at 1.9 million, 2 percent more than a year ago. This acreage, at 1948-52 average yields would give a crop about equal to estimated edible and farm uses (only those peanuts would be crushed which did not meet the standards for other uses). However, yields have been rising substantially and the most likely prospect, assuming normal growing conditions, is for a crop well in excess of food and farm uses.

Production of inedible tallow and greases in 1954-55 is not likely to differ much from this year's record quantity. About the same number of cattle, at somewhat lighter weights, will be slaughtered. However, hog slaughter will be up.

Based on reports as of July 1, flaxseed production in 1954 would be the second largest of record and well in excess of estimated commercial use. A substantial part of the crop may be delivered to CCC under the price-support program.

CORN AND OTHER FEED

A record supply of feed grains and other concentrates, totaling about 190 million tons, is in prospect for 1954-55. This would be 11 percent larger than last year and 7 percent above the previous record supply of 1950-51. Although some increase in grain-consuming livestock is in prospect, the supply per animal unit also is the largest of record. The 1954 production of feed grains, indicated in July at 131 million tons, is 14 million tons larger than in 1953, and only a little below the record of 1948. This would be more than adequate to meet prospective domestic and export requirements and would result in further increase in carryover of feed grains from this year's high level. Carryover into 1954-55 is expected to total around 32 million tons, nearly a fifth larger than last year and the largest on record. Practically all of the reserve stocks, excepting working stocks, will be under loan or owned by CCC.

A record corn supply of over 4.2 billion bushels is in prospect. The 1954 crop was indicated on July 1 at 3,311 million bushels compared with 3,177 million a year earlier. A record carryover of around 900 to 950 million bushels is expected for next October 1. The domestic supply of oats, estimated at 1,780 million bushels, would be the largest on record, exceeding last year's supply by 309 million bushels. The domestic barley supply is about 50 percent larger than in 1953 and the largest since 1943.

A hay supply of nearly 123 million tons was indicated by conditions in July, 2 percent larger than last year. The 1954 crop, based on July 1 conditions, is well above average in the North Central Region, but dry weather in areas of the South, East, and Western Plains has reduced prospects. Conditions over most of the South are better than in the past 2 seasons. Pastures were below average in most areas of the country on July 1 and excepting the past 2 years were the poorest since 1936.

Cash corn prices have advanced slowly in recent months, reflecting a tightening of "free" supplies. Corn prices are expected to hold near current levels this summer, and probably will be high relative to other feed grains until the 1954 crop is harvested. Prices of oats and barley, on the other hand, have dropped seasonally in recent weeks with the beginning of the harvest of the big 1954 crops. Prices of many of the high-protein feeds also have declined, although these feeds are generally higher than a year earlier. The greatest increase during the past year has been in soybean meal, tankage, and meat scraps. These 3 feeds were high in June relative to most other feeds, while wheat millfeeds and linseed meal were relatively low.

WHEAT

The United States 1954 wheat crop is now estimated at 988 million bushels, slightly below the June indication. It is about 15 percent below the 1953 crop, reflecting reduced acreage seeded resulting from acreage allotments and marketing quotas. If domestic disappearance and exports are about the same as in 1953-54, the crop as now estimated would exceed domestic disappearance and exports by about 100 million bushels.

Cash wheat prices, after declining sharply from a high level in early May to the low for the season to date on June 16-21, have recently recovered a part of the loss. On July 19 the price of No. 2 Hard Winter, ordinary protein, at Kansas City, at \$2.24, was up 22 cents; No. 2 Soft Red at St. Louis, at \$1.99, was up 10 cents; and No. 1 Dark Northern Spring, ordinary protein, at Minneapolis, at \$2.36, was up 12 cents.

The National average support price to producers for the 1954-crop wheat was announced on July 1 at \$2.24 per bushel. This is 4 cents above the minimum price announced last fall and 3 cents above the \$2.21 per bushel for the 1953 crop. Equivalent loan rates at important markets are as follows (1953 rates in parentheses): No. 2 Hard Red Winter at Kansas City, \$2.53 (\$2.49); No. 1 Dark Northern Spring, ordinary protein, at Minneapolis, \$2.57 (\$2.52); No. 2 Soft Red Winter at St. Louis, \$2.53 (\$2.53); No. 1 Soft White at Portland, \$2.46 (\$2.45); and No. 1 Amber Durum at Minneapolis, \$2.61 (\$2.53).

On July 19 terminal prices were below these loan rates as follows: Kansas City, 29 cents; St. Louis, 54 cents; Minneapolis, 21 cents; and Portland, 12 cents. On June 21 this year the price of No. 2 Hard Red Winter dropped to \$2.02, or 51 cents under the announced rate a year ago. On June 15, 1953, the Kansas City price declined to 53 cents under the 1953 loan rate, the farthest the price of this grade has ever fallen below the loan. The previous low point was on July 2, 1949, when the price fell to 35 cents below the loan. This would be comparable to about 48 cents if allowance is made for storage charges of about 13 cents, which were assumed by farmers in 1953.

As a result of the support programs, wheat prices have usually advanced after reaching a low point in June, July, or August. Prices to growers (including an allowance for unredeemed loans at average loan values) in the 1953-54 marketing year, which ended June 30, averaged about \$2.04, or 17 cents below the announced loan rate, and about 7 to 8 cents under the effective loan rate (the announced rate minus a deduction for warehouse storage).

FRUIT

Total supplies of deciduous fruits in August and September may be about the same as a year earlier. With demand for fruit for processing as well as for fresh shipment holding up well, the level of prices received by growers probably will not be greatly different from that of the summer of 1953. Supplies of California Valencia oranges will continue much smaller, and probably sell at higher prices, than in the summer of 1953. But supplies of lemons and limes are expected to be larger, at lower prices, than a year ago.

If the 1954 deciduous crops turn out as large as indicated on July 1, total production of these fruits will be slightly larger than in 1953. Production of apples in commercial areas and dried prunes is expected to be up from last year. The prospective grape crop is about as large as in 1953 and the pear crop is nearly as large. But somewhat smaller crops are estimated for peaches, plums, fresh prunes, sweet and sour cherries, strawberries, and apricots. Among tree nuts, much larger crops of almonds, filberts, and walnuts are in prospect for 1954.

Total carryover stocks of 9 items of canned deciduous fruits held by packers on June 1, 1954, the start of the 1954-55 canning season, were about 5 percent larger than a year earlier. Larger stocks of apricots, applesauce, peaches, sour cherries, and fruit cocktail and salad more than offset decreases in apples, pears, plums and prunes, and sweet cherries. In Florida, packers' stocks of canned citrus sections and salad were about 15 percent larger on July 3, 1954 than a year earlier. Wholesale distributors' stocks of canned apricots, fruit cocktail and salad, peaches, pears and pineapple combined, the only items for which data were available, were about the same on June 1, 1954 as a year earlier. Although the packs of canned apples and pears may be larger and those of apricots and cherries may be smaller, the total pack of canned fruits in 1954-55 probably will not be greatly different from the relatively large 1953-54 pack,

The Florida pack of canned citrus juices in 1953-54 was about 16 percent larger than in 1952-53. Movement to the distributive trade has been only slightly larger than a year ago, and packers' stocks on July 3, 1954 were about 74 percent above a year earlier. Output of frozen orange concentrate in Florida in 1953-54 set a new record of over 65 million gallons, an increase of 41 percent. Packers' stocks on July 1 were much larger than a year earlier. The pack of frozen concentrate for lemonade, made from the much larger crop of California lemons, may exceed the 1953-54 output of over 9 million gallons. Because of smaller crops, output of frozen strawberries and cherries may be smaller in 1954.

COMMERCIAL VEGETABLES

For Fresh Market

Commercial output is expected to total 5 percent larger this summer than last, according to July 1 indications. Among the individual major vegetables, substantial increases over a year earlier are indicated for cantaloups, carrots, cucumbers, green peppers, and watermelons and sharp declines for lettuce and onions.

Reflecting a more than seasonal increase in supplies, the index of prices received by farmers in mid-June for commercial vegetables for fresh market shipment was more than a fourth lower than a month earlier, and about one-third below mid-June 1953. Production prospects as of July 1 point to lower farm prices for some of the commercial fresh vegetables this summer than last, unless the effects of the recent dry weather in some areas reduces output below midyear expectations.

For Commercial Processing

The outlook for production this year of vegetables for commercial processing is substantially the same as last month. Preliminary reports of the acreage planted to the major items indicate that total output probably will be below that in 1953. However, with carryover stocks larger this year than last, supplies of most of the commercially processed vegetables for distribution in 1954-55 are not expected to differ substantially from those of the preceding marketing year.

POTATOES AND SWEETPOTATOES

Potato production this year is currently indicated at over 345.6 million bushels, almost 8 percent less than last year's output and 16 percent below the 1943-52 average. Output in the late States is expected to be about 5 percent smaller than that in 1953; the decline in the intermediate crop has been forecast at 14 percent. During the remainder of 1954, farmers are expected to receive somewhat higher prices for potatoes than last year when prices were very low.

The 1954 crop of sweetpotatoes of 32.7 million bushels, indicated as of July 1, is 4 percent smaller than last year's and more than a third below the 1943-52 average. Both acreage and indicated yield are down a little from 1953. Prices received by farmers for this year's crop are expected to average close to those for the preceding crop.

DRY BEANS AND PEAS

The prospective crop of dry edible beans will be a little larger this year than last, and that of dry field peas substantially larger. With carryover stocks not significantly different from those of a year earlier, total supplies of dry beans during the 1954-crop marketing year are expected to be somewhat larger than in the preceding marketing period. If the export tonnage in 1954-55 can be maintained near the level reached in 1953-54, prices received by farmers for 1954-crop beans may average about the same as for the crop of the preceding year. The larger supplies of peas in prospect for the 1954-crop marketing year point to a lower level of farm prices than for 1953-crop peas.

COTTON

Exports during 1953-54 are now expected to total around 3.7 million running bales, compared with approximately 3 million in 1952-53. Exports from August 1, 1953 through May 1954 were 3,094 thousand bales, 381 thousand more than in the same period a year earlier. Trade reports indicate that exports continued at a high rate in June. Domestic consumption is expected to total about 8.6 million bales in 1953-54.

The carryover in the United States on August 1, 1954 is expected to be about 9.7 million bales. A year earlier carryover was 5.6 million.

Land in cultivation to cotton July 1 amounted to nearly 20 million acres. This is 93 percent of the 21.4 million acreage allotment for 1954 and 5.3 million acres smaller than the acres in cultivation on July 1, 1953. If the yield per acre for the 1954 crop equals the highest of the past 5 years (312.6 pounds), the crop would be about 12.9 million running bales. If the lowest yield prevails (257.5 pounds), approximately 10.6 million bales would be produced.

If production falls within the above range, the supply for 1954-55 would be between 20.5 and 22.8 million bales. This includes the crop, the starting carryover, and estimated imports of 0.2 million bales.

Production of cotton broad woven goods during the first quarter of 1954 totaled 2,500 million linear yards. This was about 2 and 4 percent below the fourth and first quarters of 1953. Production of synthetic broad woven fabrics during the first quarter of 1954 totaled 536 million linear yards, about 5 and 16 percent below the last and first quarters of 1953. Synthetic broad woven fabric production was about 21 percent as large as cotton broad woven fabric output in the first quarter of 1954, compared with approximately 24 percent in the first quarter of 1953.

The average price of Middling 15/16 inch cotton at the 10 spot markets has fluctuated between 34.01 and 34.54 cents per pound since February 9. The high was reached on May 10, and on July 16 the price was 34.42 cents. The low point for the season occurred on December 17 when the average 10 spot market price for Middling 15/16 inch cotton was 32.39 cents per pound. The average CCC loan rate was 32.99 cents for the same quality at the 10 spot markets.

WOOL

Prices of wool in foreign markets advanced gradually from mid-March until the closing auctions of the season in Australia late in June. Closing prices of most wools were near the levels of a year earlier. The trend of prices abroad has been reflected in domestic markets. Boston price quotations for most domestic and imported wools early in July were slightly higher than both earlier in the season and a year earlier. Quotations for most domestic wools were above loan rates. Prices received by growers for shorn wool at mid-June averaged 55.2 cents per pound, slightly higher than a month earlier but slightly lower than a year earlier.

The rate of domestic mill use of apparel wool increased slowly during the early months of this year. The rate of consumption during the final quarter of last year was the lowest for that time of year since 1937. The rate of consumption during May was less than one-fourth below a year earlier, while that of last December was down almost two-fifths. The rate of mill use of carpet wool, however, trended slowly downward during the early months of this year.

Imports of dutiable wool for consumption during January-May were about half those of a year earlier. Imports of duty-free wools during the same months were about two-thirds those of a year earlier.

Reported stocks of apparel wool in the U.S., including CCC holdings, at the end of the first quarter were almost one-tenth below a year earlier but relative to the rate of consumption during the first quarter were the highest since 1948. Manufacturers' holdings were the lowest since 1940 but relative to the rate of consumption were slightly higher than in early 1953. Stocks of domestic wool were higher than a year earlier for the second year in succession, but domestic holdings of foreign wool were down from a year earlier for the third successive year. Holdings of carpet wool were almost one-third lower than a year earlier and both in total and relative to the rate of consumption were the lowest since before World War II.

TOBACCO

Georgia and Florida auction markets for the 1954 crop of flue-cured tobacco began July 15. Prices by grades were generally higher for the first 2 days of sales. The overall market average was 53 cents per pound, 3 percent higher than in the comparable period of the 1953 season. During the 1953 marketing season as a whole, prices in the Georgia-Florida markets averaged a record 51.1 cents per pound. This year's production in the Georgia-Florida belt is indicated at nearly one-tenth lower than last year and constitutes about 11 percent of the entire flue-cured crop. Opening dates for auctions in other belts farther north will range from early August into September.

The July indication was for a total flue-cured crop of 1,244 million pounds, 2 percent below last year. Carryover of flue-cured on July 1 is estimated at about 2 percent larger than a year ago and total supply for 1954-55 may be slightly above that for 1953-54. Domestic demand is expected to continue firm and export prospects appear to be some better than last year. The price support level for 1954 flue-cured at 47.9 cents per pound is the same as last year.

About four-fifths of last year's Maryland crop has been marketed, and through mid-July, prices averaged 55 cents per pound--8 percent more than in the comparable period of a year earlier. Growers have placed about one-sixth of deliveries under Government loan. The indicated 1954 Maryland crop as of July 1 was 34½ million pounds, 7 percent lower than the 1953 production.

The 1954 crop of Burley tobacco, indicated at 544 million pounds as of July 1, is 4½ percent less than last year's crop. Acreage allotments were reduced below last year's. Carryover of Burley on October 1 is expected to be about 3 percent larger than a year earlier so that total supply for 1954-55 is likely to be slightly larger than for 1953-54.

Flue-cured, Burley, and Maryland tobacco are primarily cigarette tobaccos. In the 11 months ending May 31, the number of tax-paid cigarettes was indicated to be 5.7 percent below the same period of a year earlier. The proportion of king size cigarettes, which require about one-sixth more tobacco than regular size, has increased in the past year.

According to July 1 indications, the 1954 fire-cured and dark air-cured tobacco crops will be larger than last year when they were sharply reduced by drought. Carryovers of these types, together with this year's crops, will provide supplies for 1954-55 not greatly different from those for 1953-54.

The July 1 indications for cigar tobacco production were for increases above last year's harvestings for all major types except Connecticut Valley Havana Seed binder (type 52) and shade-grown wrapper (type 61). Although averages for these 2 types are above a year ago indicated yields per acre are smaller. Tax-paid withdrawals of cigars in the 11 months ending May 31 were indicated at about 1½ percent smaller than in the same period of a year earlier.

Total unmanufactured tobacco exports during July 1953-May 1954 were 4 percent larger than in the same period of a year earlier. Exports of tobacco account for about one-fourth of production.

